

**Vermont Department of Taxes
TECHNICAL BULLETIN**

TB-16

TAX: SALES AND USE

Issued: 10/20/99

SUBJECT: SALES TAX EXEMPTIONS FOR CLOTHING

Statement of Exemption

Effective December 1, 1999 receipts for the following are exempt from sales and use tax:

Each article, with a purchase price of \$110.00 or less, of clothing intended to be worn or carried on or about the human body, excluding footwear and excluding special clothing designed primarily for athletic activity or protective use and not normally worn except when so used. 32 V.S.A. § 9741(45).

Articles of clothing with a purchase price of more than \$110.00 continue to be taxable on the full price of the garment. Articles designed primarily for athletic activity or protective use and not normally worn except when so used continue to be taxable. Footwear continues to be taxable until July 1, 2001. Beginning July 1, 2001, footwear costing \$110 or less (but excluding special athletic and protective footwear) will be exempt.

The exemption does not apply to any Local Option Sales Tax. Sales of qualifying clothing in municipalities which have enacted a Local Option Sales Tax (as of the date of this bulletin, only Manchester) will be exempt from the state tax but will continue to be subject to the 1% local tax. See bulletin TB-14 for information regarding the application of Local Option Sales Tax.

Definitions Used

In applying the exemption the Department will use following definitions.

“**Clothing**” includes inner and outer wear, head wear, gloves and mittens, neckwear and hosiery (including socks), customarily worn on the human body. Clothing includes baby receiving blankets and buntings, diapers and diaper inserts (including disposable diapers). Clothing does not include accessories such as wallets, handbags, sun glasses and hair notions, blankets, nor does it include jewelry, blankets, sleeping bags or other items not designed as wearing apparel. It does not include equipment such as tool belts, personal floatation devices, backpacks, or other non apparel items which may be worn on the body.

“**Footwear**” includes shoes, boots, sandals, slippers, overshoes normally worn on the feet. These items remain taxable until July 1, 2001. Footwear does not include socks or other hosiery. (Socks and hosiery are clothing and become exempt December 1, 1999.)

“Special clothing designed primarily for athletic activity or protective use and not normally worn except when so used” includes those items which by their special nature are generally worn only for an athletic activity or to protect the wearer from injury. An article of clothing does not fall into this category solely because it is designed for or marketed for general recreation, because it is associated with a certain athletic activity, or because it provides protection from inclement weather. Articles such as team uniforms, gym suits, athletic supporters, team uniforms, sweat clothing or spandex clothing which may have features to accommodate certain activities but which are not unsuitable to general wear will be exempt when purchased for \$110 or less. Diving suits, gloves padded cut and padded to accommodate certain sports, golf shoes, bicycle shoes, ski boots and similar items having features making them unsuitable for ordinary wear will be taxable even if purchased for \$110 or less.

“Purchase price” means the amount for which an article is sold. It is the charge on which the tax would otherwise be computed. When several articles are sold at one time:

- a. If the articles are independently priced, the price of each article is the purchase price of the article. Example: A customer selects three shirts, each selling for \$40; the total sale is \$120. Because each article had a selling price less than \$110, no sales tax is collected.
- b. If the articles are generally available only for a combined price, the purchase price is the combined price. Example: A customer purchases a man’s suit, consisting of a jacket and trousers for \$250. The merchant allocates the selling price as \$100 for the trousers and \$150 for the jacket but does not, except in unusual situations, break up a suit and sell the components separately. The suit is taxable because the purchase price is \$250.
- c. If the selling price is computed by allocating any discount in proportion to the normal selling price. Example 1: A merchant runs a promotion allowing a customer to buy second sports coat for \$20 with the purchase of another for its normal selling price of \$130. The purchase price of each coat is \$75 (half of the \$150 total) and neither is taxable. Example 2: A merchant runs a promotion allowing a customer to purchase a second suit for \$100 with the purchase of another suit at the normal selling price of \$400. The purchase price of each suit is \$250 (half of the \$500 total) and both suits are taxable.

For clothing that is rented, “purchase price” means the amount of rent which would be charged for a fifteen-day period. Example: A vendor offers a tuxedo \$ 50 for three days or \$ 70 for ten days. Because the least expensive rental charge for fifteen days would be \$ 140, the tuxedo is an article with a purchase price more than \$110 and the vendor collects tax on rental charges, regardless of the length of the rental period.

If a sale is contingent on a separately charged alteration, “purchase price” means the total including the alteration charge.

Examples of articles of clothing EXEMPT when the purchase price is \$110 or less:

Aprons
Athletic supporters
Baby Buntings
Bathing suits (but not diving gear, wet suits, etc.)
Beach capes and coats
Belts, buckles, suspenders
Bibs
Bowling shirts
Bridal apparel and accessories
Coats and wraps
Costumes
Coveralls
Choir and clerical vestments
Dresses, gowns
Dress shields
Ear muffs
Formal wear
Garter belts
Girdles
Gloves,
 dress, driving, general purpose work, cold weather, ski, snowmobile,
 (but not gloves such as welding gloves or special purpose sports gloves such as batting
 gloves, mitts, hockey gloves. Also not latex gloves or sanitary gloves designed for
 protection in special activities.)
Gym uniforms
Hair bows
Head and neck scarves
Hats, caps, turbans, millinery, yarmulkes (but not hard hats, or protective helmets)
Handkerchiefs
Hosiery, socks, garters
Hunting clothes (camouflage or blaze orange)
Hoods and hooded garments
Incontinence briefs
Jackets, windbreakers
Jogging apparel
Lab coats
Leg warmers
Leotards, tights
Lingerie
Neckwear, ties, scarves
Nightgowns
Ponchos
Rain coats, slickers, hats, (not umbrellas)

Shoulder pad for dresses or jackets (not sports equipment)

Ski pants

Sports bras

Sweat bands

Stoles

Tennis clothing

Underwear

Uniforms: band, military, professional, scout, sports uniforms suitable for ordinary wear.

(The use of a team or sponsor's name or a style recognized as associated with a given sport does not make a uniform unsuitable for ordinary wear.)

Work clothes

Examples of TAXABLE items:

Bathing caps and shower caps

Belts, tool, ammunition, etc. (used to support accessories or equipment)

Blankets, (except receiving blankets), throws, crib blankets, bedding sleeping bags

Cosmetics, body paint

Gloves and mitts which are specialized sports or protective not suitable for general wear

latex gloves, oven mitts, baseball mitts, batting gloves, goalkeeper gloves, hockey gloves

Hair notions, hair clips, hairnets, barrettes, combs

Jewelry - cuff links, ear rings, broaches, necklaces, bracelets, etc.

Wallets, Handbags, Fanny Packs, etc.

Protective helmets

hard hats, motorcycle, bicycle, snowmobile, sports, etc.

Protective masks

Sewing supplies

Shin guards and padding

Waders

Documentation Requirements

The normal use of an article, not the purchaser's intended use determines the exemption.

Therefore, it is not necessary for vendors to verify the customer's intended use and no exemption certificate is required.

The exempt sales of clothing must be reported, along with all other exempt sales, on line 4 of the sales and use tax return (form SU-451). No additional reporting is required . The new exemption does not, itself, require any additional or special record keeping. As with other sales, vendors are required to have normal business records which will identify exempt sales.

George H. Phillips
Policy Analyst

Approved: October 20, 1999

Sean P. Campbell
Commissioner of Taxes